

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>Downriver Mutual Aid</u>	County <u>Wayne</u>
Audit Date <u>September 30, 2002 and 2003</u>	Opinion Date <u>December 19, 2003</u>	Date Accountant Report Submitted To State: <u>January 29, 2004</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Certified Public Accountant (Firm Name): Plante & Moran, PLLC			
Street Address <u>27400 Northwestern Highway</u>	City <u>Southfield</u>	State <u>MI</u>	ZIP <u>48034</u>
Accountant Signature <i>Plante & Moran, PLLC</i>			

Downriver Mutual Aid

**Financial Report
with Additional Information
September 30, 2002 and
September 30, 2003**

Downriver Mutual Aid

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Independent Auditor's Report

To the Board of Directors
Downriver Mutual Aid

We have audited the accompanying general purpose financial statements of Downriver Mutual Aid (DMAid) as of September 30, 2002 and 2003 and for the years then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of Downriver Mutual Aid's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Downriver Mutual Aid as of September 30, 2002 and 2003 and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2003 on our consideration of Downriver Mutual Aid's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

December 19, 2003

Downriver Mutual Aid

Combined Balance Sheet Special Revenue Funds and Account Groups September 30, 2002

		Account Groups		Total
	Special	General Fixed	General Long-	(Memorandum
	Revenue Funds	Assets	term Debt	Only)
Assets				
Cash and investments (Note 2)	\$ 988,225	\$ -	\$ -	\$ 988,225
Due from other governmental units	88,740	-	-	88,740
Due from other funds	220	-	-	220
Prepaid expenses	817	-	-	817
Restricted assets (Note 5)	507,287	-	-	507,287
Capital assets (Note 6)	-	10,967,077	-	10,967,077
Amount to be provided for the payment of long-term debt	-	-	5,972,870	5,972,870
Amount available for debt in 911 Fund	-	-	367,559	367,559
Total assets	<u>\$ 1,585,289</u>	<u>\$ 10,967,077</u>	<u>\$ 6,340,429</u>	<u>\$ 18,892,795</u>
Liabilities and Fund Balances				
Liabilities				
Accrued and other liabilities	\$ 166,443	\$ -	\$ -	\$ 166,443
Due to other funds	220	-	-	220
Deferred revenue (Note 7)	74,976	-	-	74,976
Long-term debt	-	-	6,340,429	6,340,429
Total liabilities	241,639	-	6,340,429	6,582,068
Fund Balances				
Investment in general fixed assets	-	10,967,077	-	10,967,077
Reserved for 911 expenditures (Note 5)	947,570	-	-	947,570
Unreserved	396,080	-	-	396,080
Total fund balances	<u>1,343,650</u>	<u>10,967,077</u>	<u>-</u>	<u>12,310,727</u>
Total liabilities and fund balances	<u>\$ 1,585,289</u>	<u>\$ 10,967,077</u>	<u>\$ 6,340,429</u>	<u>\$ 18,892,795</u>

Downriver Mutual Aid

Combined Balance Sheet Special Revenue Funds and Account Groups September 30, 2003

		Account Groups		Total
	Special	General Fixed	General Long-	(Memorandum
	Revenue Funds	Assets	term Debt	Only)
Assets				
Cash and investments (Note 2)	\$ 1,268,290	\$ -	\$ -	\$ 1,268,290
Due from other governmental units	124,964	-	-	124,964
Due from other funds	198	-	-	198
Restricted assets (Note 5)	346,736	-	-	346,736
Capital assets (Note 6)	-	10,967,077	-	10,967,077
Amount to be provided for the payment of long-term debt	-	-	5,490,493	5,490,493
Amount available for debt in 911 Fund	-	-	257,530	257,530
Total assets	<u>\$ 1,740,188</u>	<u>\$ 10,967,077</u>	<u>\$ 5,748,023</u>	<u>\$ 18,455,288</u>
Liabilities and Fund Balances				
Liabilities				
Accrued and other liabilities	\$ 222,224	\$ -	\$ -	\$ 222,224
Due to other funds	198	-	-	198
Due to other organizations	7,674	-	-	7,674
Deferred revenue (Note 7)	221,062	-	-	221,062
Long-term debt	-	-	5,748,023	5,748,023
Total liabilities	451,158	-	5,748,023	6,199,181
Fund Balances				
Investment in general fixed assets	-	10,967,077	-	10,967,077
Reserved for 911 expenditures (Note 5)	683,789	-	-	683,789
Unreserved	605,241	-	-	605,241
Total fund balances	<u>1,289,030</u>	<u>10,967,077</u>	<u>-</u>	<u>12,256,107</u>
Total liabilities and fund balances	<u>\$ 1,740,188</u>	<u>\$ 10,967,077</u>	<u>\$ 5,748,023</u>	<u>\$ 18,455,288</u>

Downriver Mutual Aid

Combined Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual Special Revenue Funds Year Ended September 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Membership assessments	\$ 299,200	\$ 293,487	\$ (5,713)
Federal grants	378,683	336,201	(42,482)
State and local grants	413,867	142,638	(271,229)
Other	157,080	498,210	341,130
Forfeiture receipts	225,000	613,065	388,065
Interest	10,000	14,825	4,825
911 user charge	182,000	1,185,667	1,003,667
Total revenue	1,665,830	3,084,093	1,418,263
Expenditures			
Salaries	125,900	112,998	12,902
Fringe benefits	26,704	33,291	(6,587)
Office supplies	33,470	15,942	17,528
Postage	-	1,322	(1,322)
Professional fees	628,100	694,709	(66,609)
Telephone	93,000	98,862	(5,862)
Printing	3,600	3,364	236
Insurance	59,100	60,985	(1,885)
Maintenance	54,500	58,364	(3,864)
Building rent	29,200	27,300	1,900
Rental equipment	1,000	68,792	(67,792)
Training	13,900	19,689	(5,789)
Business meetings	3,200	2,217	983
Forfeiture outlay	67,600	65,730	1,870
Manpower reimbursement	616,998	753,573	(136,575)
Miscellaneous	33,530	38,339	(4,809)
911 system	-	469,496	(469,496)
Capital outlay	38,500	96,182	(57,682)
Debt service	-	989,724	(989,724)
Total expenditures	1,828,302	3,610,879	(1,782,577)
Excess of Expenditures Over Revenue	(162,472)	(526,786)	(364,314)
Fund Balance - October 1, 2001	1,870,436	1,870,436	-
Fund Balance - September 30, 2002	<u>\$ 1,707,964</u>	<u>\$ 1,343,650</u>	<u>\$ (364,314)</u>

Downriver Mutual Aid

Combined Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual Special Revenue Funds Year Ended September 30, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Membership assessments	\$ 256,743	\$ 252,652	\$ (4,091)
Federal grants	335,057	306,782	(28,275)
State and local grants	424,428	221,781	(202,647)
Other	40,279	79,181	38,902
Forfeiture receipts	436,422	800,645	364,223
Interest	5,000	7,348	2,348
911 user charge	-	1,004,391	1,004,391
Total revenue	1,497,929	2,672,780	1,174,851
Expenditures			
Salaries	126,800	116,209	10,591
Fringe benefits	45,750	41,697	4,053
Office supplies	44,350	21,058	23,292
Postage	-	726	(726)
Professional fees	386,050	386,446	(396)
Telephone	62,250	61,571	679
Printing	900	715	185
Insurance	47,000	38,429	8,571
Maintenance	53,400	54,315	(915)
Building rent	30,700	29,224	1,476
Rental equipment	44,000	44,311	(311)
Training	9,553	27,691	(18,138)
Business meetings	200	2,880	(2,680)
Forfeiture outlay	22,000	31,541	(9,541)
Manpower reimbursement	727,726	714,984	12,742
Miscellaneous	62,600	48,236	14,364
Capital outlay	-	117,643	(117,643)
Debt service	-	989,724	(989,724)
Total expenditures	1,663,279	2,727,400	(1,064,121)
Excess of Expenditures Over Revenue	(165,350)	(54,620)	110,730
Fund Balance - October 1, 2002	1,343,650	1,343,650	-
Fund Balance - September 30, 2003	<u>\$ 1,178,300</u>	<u>\$ 1,289,030</u>	<u>\$ 110,730</u>

Note 1 - Summary of Significant Accounting Policies

Downriver Mutual Aid ("DMAid") is a program funded by member assessments of 18 communities of the southern Wayne County area of metropolitan Detroit, grants charges for services, and adjudicated forfeiture funds. It was established to enhance the separate operations of the various communities through its mutual police, fire, auto theft, and narcotics divisions. DMAid is administered by Downriver Community Conference (DCC) and is coordinated with the Michigan State Police. DMAid has received approval of its interlocal agreement from the governor of the state of Michigan. This agreement recognizes DMAid as a separate legal entity.

The following is a summary of the significant accounting policies of DMAid:

Reporting Entity - The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. In accordance with these criteria, there are no component units included in this reporting entity.

Fund Accounting - DMAid is comprised of eight funds whose purpose is to account for the proceeds of earmarked revenue and financing activities requiring separate accounting because of legal or regulatory provisions. Under generally accepted accounting principles prescribed by the Governmental Accounting Standards Board, each of these funds is considered to be a Special Revenue Fund type.

Basis of Accounting - Each of the funds utilizes the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Revenue is recognized only when it is both measurable and available for use to finance operations as of year end.
- b. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- c. Normally, expenditures are not divided between years by the recording of prepaid expenses. Prepaid expenses on the balance sheet represent payments for subsequent years' expenses.

General Fixed Assets and Long-term Liabilities - General fixed assets used in governmental fund-type operations are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds (Special Revenue Funds). These fixed assets are recorded as expenditures at the time of purchase. No depreciation has been provided on general fixed assets.

Downriver Mutual Aid

Notes to Financial Statements September 30, 2002 and 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

All fixed assets are recorded at cost or, if donated, at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds (Special Revenue Funds).

The General Fixed Assets Account Group and the General Long-term Debt Account Group are not funds and do not involve the measurement of results of operations.

Investments - Investments are recorded at fair value based on quoted market prices.

Other accounting policies are disclosed in other notes to financial statements.

Note 2 - Deposits and Investments

DMAid's deposits and investments at September 30, 2002 and 2003 are included on the balance sheet under the following headings and are classified by Governmental Accounting Standards Board Statement Number 3 in the following categories:

For September 30, 2002:

	Balance Sheet Presentation		
	Cash and Cash Equivalents	Restricted Assets (Note 5)	Total
Bank deposits	\$ 437,471	\$ 139,698	\$ 577,169
Investments	512,387	306,381	818,768
Petty cash or cash on hand	38,367	-	38,367
Total	<u>\$ 988,225</u>	<u>\$ 446,079</u>	<u>\$ 1,434,304</u>

Note 2 - Deposits and Investments (Continued)

For September 30, 2003:

	Balance Sheet Presentation		
	Cash and Cash Equivalents	Restricted Assets (Note 5)	Total
Bank deposits	\$ 777,692	\$ 89,206	\$ 866,898
Investments	452,231	206,699	658,930
Petty cash or cash on hand	38,367	-	38,367
Total	<u>\$ 1,268,290</u>	<u>\$ 295,905</u>	<u>\$ 1,564,195</u>

Deposits - In addition to the above deposits, DMAid holds cash in the amounts of \$7,216 at September 30, 2002 and \$2,904 at September 30, 2003, which relate to adjudicated cases. At September 30, 2002, the total deposits of \$577,169 were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$614,518. Of that amount, approximately \$100,000 was covered by federal depository insurance and \$514,518 was uninsured and uncollateralized.

At September 30, 2003, the total deposits of \$866,898 were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$903,256. Of that amount, approximately \$100,000 was covered by federal depository insurance and \$803,256 was uninsured and uncollateralized. DMAid believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, DMAid evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 2 - Deposits and Investments (Continued)

Investments - DMAid is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles. At September 30, 2002, investments consist solely of bank investment pools of \$306,381 and mutual funds of \$512,387. At September 30, 2003, investments consist solely of bank investment pools of \$206,699 and mutual funds of \$452,231. Investments are normally categorized to give an indication of the level of risk assumed by DMAid; however, the mutual funds and bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. The mutual funds are registered with the SEC. The bank investment pools are regulated by the Michigan Banking Act, and the fair values of the position in the pools are the same as the value of the pool shares. Management of DMAid believes that the investments in these funds comply with the investment authority noted above.

Note 3 - Budget Information

The annual budget is prepared by DCC on behalf of DMAid's management and adopted by the Board of Directors. Subsequent amendments are approved by the Board of Directors. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amounts of encumbrances outstanding at September 30, 2002 and 2003 have not been calculated. The budget has been prepared in accordance with generally accepted accounting principles.

At September 30, 2002 and 2003, the Highway Safety Special Revenue Fund has a fund deficit of approximately \$42,000 and \$70,000, respectively, which primarily relates to the revenue not available to finance current expenditures discussed in Note 7.

Note 4 - Related Party Transactions

The directors and officers of DCC, a related organization, are also directors and officers of DMAid.

DCC performs administrative and accounting services for DMAid. During the years ended September 30, 2002 and 2003, there were immaterial transactions related to the central cost allocation plan and expense reimbursements between DMAid and DCC.

Downriver Mutual Aid

Notes to Financial Statements September 30, 2002 and 2003

Note 4 - Related Party Transactions (Continued)

In addition, DMAid collects membership assessments from member communities. DMAid also reimburses member communities for various expenditures. These amounts are outlined below:

	2002		2003	
	Membership Assessments	Manpower and Enhancement Reimbursement to Total Party	Membership Assessments	Manpower and Enhancement Reimbursement to Total Party
Related party:				
City of Allen Park	\$ 20,172	\$ 24,644	\$ 19,459	\$ 25,000
Brownstown Township	20,042	41,183	16,077	29,089
City of Ecorse	9,394	-	7,472	-
City of Flat Rock	7,188	-	5,731	-
City of Gibraltar	3,590	-	2,859	-
Grosse Ile Township	9,131	24,644	7,264	29,089
Huron Township	2,018	24,644	8,411	29,089
City of Lincoln Park	27,470	9,135	26,498	-
City of Melvindale	8,952	-	7,114	-
City of River Rouge	6,764	-	6,524	-
City of Riverview	11,074	24,644	8,802	25,000
City of Rockwood	2,908	-	2,318	-
City of Romulus	19,423	34,241	15,481	-
City of Southgate	25,117	-	19,960	-
City of Taylor	55,040	71,437	43,761	89,149
City of Trenton	16,328	24,644	12,982	29,089
City of Woodhaven	10,526	24,644	8,380	25,000
City of Wyandotte	23,350	24,644	18,559	25,000
Total related party	278,487	328,504	237,652	305,505
Nonrelated party amounts	15,000	425,069	15,000	409,479
Total	<u>\$ 293,487</u>	<u>\$ 753,573</u>	<u>\$ 252,652</u>	<u>\$ 714,984</u>

Downriver Mutual Aid

Notes to Financial Statements September 30, 2002 and 2003

Note 5 - Restricted Assets and Reserved Fund Balance

Restricted assets consist of cash and cash equivalents as noted below. At September 30, 2002, fund balance has been reserved in the 911 Fund for the entire balance of these restricted assets. In addition, the remaining fund balance of \$440,283 in the 911 Fund has been reserved for future 911 operating expenditures under state law. At September 30, 2003, fund balance was also reserved in the 911 Fund for the entire balance of these restricted assets. In addition, the remaining fund balance of \$337,053 in the 911 Fund has been reserved for future 911 operating expenditures under State law.

For September 30, 2002:

Cash:

911 revenue earmarked for operating agreement	\$ 139,728
911 revenue earmarked for debt	<u>306,351</u>

Total	446,079
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Accounts receivable - Related party - 911 revenue earmarked for debt	<u>61,208</u>
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Total restricted assets	<u><u>\$ 507,287</u></u>
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For September 30, 2003:

Cash:

911 revenue earmarked for operating agreement	\$ 89,206
911 revenue earmarked for debt	<u>206,699</u>

Total	295,905
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Accounts receivable - Related party - 911 revenue earmarked for debt	<u>50,831</u>
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Total restricted assets	<u><u>\$ 346,736</u></u>
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Downriver Mutual Aid

Notes to Financial Statements September 30, 2002 and 2003

Note 6 - Capital Assets

A summary of general fixed assets at September 30, 2002 follows:

	Balance October 1, 2001	Additions	Deletions	Balance September 30, 2002
Total - 911 equipment	<u>\$ 10,497,581</u>	<u>\$ 469,496</u>	<u>\$ -</u>	<u>\$ 10,967,077</u>

The summary at September 30, 2003 is as follows:

	Balance October 1, 2002	Additions	Deletions	Balance September 30, 2003
Total - 911 equipment	<u>\$ 10,967,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,967,077</u>

Note 7 - Deferred Revenue

Deferred revenue at September 30, 2002 is as follows:

	Revenue not Available to Finance Current Expenditures	Total
Highway safety	\$ 42,072	\$ 42,072
Drug enhancement	18,185	18,185
Auto theft	<u>14,719</u>	<u>14,719</u>
Total	<u>\$ 74,976</u>	<u>\$ 74,976</u>

Downriver Mutual Aid

Notes to Financial Statements September 30, 2002 and 2003

Note 7 - Deferred Revenue (Continued)

Deferred revenue at September 30, 2003 is as follows:

	Dues Paid in Advance by Communities	Revenue not Available to Finance Current Expenditures	Total
Police	\$ 31,769	\$ -	\$ 31,769
Fire	35,797	-	35,797
DRANO	49,787	-	49,787
Highway safety	-	50,652	50,652
Drug enhancement	-	14,104	14,104
Auto theft	-	38,953	38,953
Total	<u>\$ 117,353</u>	<u>\$ 103,709</u>	<u>\$ 221,062</u>

Dues Paid in Advance by Communities - Many communities paid their fiscal year 2003/2004 membership dues in September 2003; therefore, funds received by those communities are accounted for as deferred revenue.

Revenue Not Available to Finance Current Expenditures - GASB Statement Number 33 now requires all governmental fund revenue to be recognized only when available to finance expenditures of the current period (or received within 60 days of year end). The amounts deferred for this statement were not received within that time period and the revenue had to be deferred.

Note 8 - Assets Held in Trust

DMAid holds cash and other assets seized as evidence. At September 30, 2002, the cash balance was \$7,216, and at September 30, 2003, the cash balance was \$2,904. In addition, DMAid holds other noncash assets related to pending cases. The value of the noncash assets has not been determined. Upon resolution of the cases, the assets are either returned to the owners, destroyed, or become the property of DMAid. These assets have not been recorded by DMAid.

Downriver Mutual Aid

Notes to Financial Statements September 30, 2002 and 2003

Note 9 - Risk Management

DMAid is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. DCC has purchased commercial insurance for these claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 10 - Long-term Debt

The following is a summary of long-term debt transactions of DMAid for the years ended September 30, 2002 and 2003:

	General Obligations
Balance - October 1, 2001	\$ 6,896,635
Debt retired	<u>(556,206)</u>
Balance - September 30, 2002	6,340,429
Debt retired	<u>(592,406)</u>
Balance - September 30, 2003	<u><u>\$ 5,748,023</u></u>

The outstanding debt balances of DMAid as of September 30, 2002 and 2003 consist of a pledge to pay an installment purchase agreement between the City of Taylor (a member community) and a bank for the 911 system. The City of Taylor purchased a public safety radio communications system through an installment purchase agreement dated October 31, 2000. DMAid, as the emergency telephone district board acting on behalf of the Downriver Mutual Aid 911 Service District, has pledged current and future 911 user charge revenue for the repayment of debt. The debt is payable in monthly payments of principal and interest of \$82,477 through January 2011. The debt bears an interest rate of 6.45 percent. The 911 user charge legislation was recently extended and the user charge was increased.

Downriver Mutual Aid

Notes to Financial Statements September 30, 2002 and 2003

Note 10 - Long-term Debt (Continued)

The annual requirements to service the installment purchase agreement, including both principal and interest, are as follows:

Years Ending September 30	Other Governmental Fund Resources
2004	\$ 989,724
2005	989,724
2006	989,724
2007	989,724
2008	989,724
Remaining years	2,969,172
Total	<u>\$ 7,917,792</u>

Total interest incurred for 2002 and 2003 approximated \$434,000 and \$397,000, respectively.

Note 11 - Upcoming Reporting Change

For the year beginning October 1, 2003, DMAid plans to adopt GASB Statement Number 34. This will dramatically revise the information being reported in these financial statements. Governmental activities will report information by individually significant fund, as well as in total on the full accrual basis of accounting. Information is not available to present pro forma data that would show the effect of this future change.

Additional Information

To the Board of Directors
Downriver Mutual Aid

We have audited the general purpose financial statements of Downriver Mutual Aid for the years ended September 30, 2002 and 2003. Our audits were made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of Downriver Mutual Aid. This information has been subjected to the procedures applied in the audits of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Plante & Moran, PLLC

December 19, 2003

Downriver Mutual Aid

	Police	Fire	DRANO Operations	Highway Safety
Assets				
Cash and investments	\$ 18,372	\$ 47,990	\$ 84,322	\$ 62,729
Due from other governmental units	-	-	-	47,176
Due from other funds	-	-	-	-
Prepaid expenses	-	-	817	-
Restricted assets	-	-	-	-
Total assets	<u>\$ 18,372</u>	<u>\$ 47,990</u>	<u>\$ 85,139</u>	<u>\$ 109,905</u>
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accrued and other liabilities	\$ 10,080	\$ 10,047	\$ 619	\$ 109,905
Due to other funds	-	-	22	-
Deferred revenue	-	-	-	42,072
Total liabilities	10,080	10,047	641	151,977
Fund Balances (Deficit)				
Reserved for 911 expenditures	-	-	-	-
Unreserved	<u>8,292</u>	<u>37,943</u>	<u>84,498</u>	<u>(42,072)</u>
Total fund balances (deficit)	<u>8,292</u>	<u>37,943</u>	<u>84,498</u>	<u>(42,072)</u>
Total liabilities and fund balances (deficit)	<u>\$ 18,372</u>	<u>\$ 47,990</u>	<u>\$ 85,139</u>	<u>\$ 109,905</u>

**Combining Balance Sheet
Special Revenue Funds
September 30, 2002**

Auto Theft	Drug Enhancement	911	Michigan State Police/ Chief	Total
\$ 79,150	\$ 94,869	\$ 428,525	\$ 172,268	\$ 988,225
19,575	1,989	20,000	-	88,740
-	22	198	-	220
-	-	-	-	817
-	-	507,287	-	507,287
<u>\$ 98,725</u>	<u>\$ 96,880</u>	<u>\$ 956,010</u>	<u>\$ 172,268</u>	<u>\$ 1,585,289</u>
\$ 1,497	\$ 11,055	\$ 8,440	\$ 14,800	\$ 166,443
198	-	-	-	220
14,719	18,185	-	-	74,976
16,414	29,240	8,440	14,800	241,639
-	-	947,570	-	947,570
82,311	67,640	-	157,468	396,080
82,311	67,640	947,570	157,468	1,343,650
<u>\$ 98,725</u>	<u>\$ 96,880</u>	<u>\$ 956,010</u>	<u>\$ 172,268</u>	<u>\$ 1,585,289</u>

Downriver Mutual Aid

	Police	Fire	DRANO Operations	Highway Safety
Assets				
Cash and investments	\$ 72,654	\$ 57,137	\$ 90,491	\$ 35,297
Due from other governmental units	-	-	-	86,011
Due from other funds	-	-	-	-
Restricted assets	-	-	-	-
Total assets	<u>\$ 72,654</u>	<u>\$ 57,137</u>	<u>\$ 90,491</u>	<u>\$ 121,308</u>
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accrued and other liabilities	\$ 16,489	\$ 7,526	\$ 6,552	\$ 140,975
Due to other funds	-	-	-	-
Due to other organizations	-	-	-	-
Deferred revenue	<u>31,769</u>	<u>35,797</u>	<u>49,787</u>	<u>50,652</u>
Total liabilities	48,258	43,323	56,339	191,627
Fund Balances (Deficit)				
Reserved for 911 expenditures	-	-	-	-
Unreserved	<u>24,396</u>	<u>13,814</u>	<u>34,152</u>	<u>(70,319)</u>
Total fund balances (deficit)	<u>24,396</u>	<u>13,814</u>	<u>34,152</u>	<u>(70,319)</u>
Total liabilities and fund balances (deficit)	<u>\$ 72,654</u>	<u>\$ 57,137</u>	<u>\$ 90,491</u>	<u>\$ 121,308</u>

**Combining Balance Sheet
Special Revenue Funds
September 30, 2003**

Auto Theft	Drug Enhancement	911	Michigan State Police/ Chief	Total
\$ 86,906	\$ 74,534	\$ 362,958	\$ 488,313	\$ 1,268,290
38,953	-	-	-	124,964
-	-	198	-	198
-	-	346,736	-	346,736
<u>\$ 125,859</u>	<u>\$ 74,534</u>	<u>\$ 709,892</u>	<u>\$ 488,313</u>	<u>\$ 1,740,188</u>
\$ 1,632	\$ 27,915	\$ 18,429	\$ 2,706	\$ 222,224
198	-	-	-	198
-	-	7,674	-	7,674
38,953	14,104	-	-	221,062
40,783	42,019	26,103	2,706	451,158
-	-	683,789	-	683,789
85,076	32,515	-	485,607	605,241
85,076	32,515	683,789	485,607	1,289,030
<u>\$ 125,859</u>	<u>\$ 74,534</u>	<u>\$ 709,892</u>	<u>\$ 488,313</u>	<u>\$ 1,740,188</u>

Downriver Mutual Aid

	Police	Fire	DRANO Operations	Highway Safety
Revenue				
Membership assessments	\$ 63,844	\$ 114,049	\$ 115,594	\$ -
Federal grants	-	-	-	336,201
State and local grants	-	-	-	67,506
Reimbursements and other revenue	67	23,231	70,189	-
Forfeiture receipts	-	-	41,417	-
Interest	-	-	-	-
911 user charge	-	-	-	-
Total revenue	63,911	137,280	227,200	403,707
Expenditures				
Salaries	4,848	4,419	32,583	2,977
Fringe benefits	761	850	12,427	832
Office supplies	5,640	2,018	4,683	-
Postage	223	251	311	-
Professional fees	2,068	3,079	6,345	3,790
Telephone	8,117	28,083	22,147	-
Printing	84	118	2,442	-
Insurance	3,844	9,331	34,986	-
Maintenance	9,517	778	3,394	-
Building rent	354	389	15,757	-
Rental equipment	-	64	692	-
Training	9,669	8,142	1,038	-
Business meetings	16	237	397	-
Forfeiture outlay	-	-	480	-
Manpower reimbursement	-	-	105,575	350,998
Miscellaneous	204	3,732	3,835	-
911 system	-	-	-	-
Capital outlay	20,625	41,429	-	-
Debt service	-	-	-	-
Total expenditures	65,970	102,920	247,092	358,597
Excess of Revenue Over (Under) Expenditures	(2,059)	34,360	(19,892)	45,110
Fund Balances (Deficit) - October 1, 2001	10,351	3,583	104,390	(87,182)
Fund Balances (Deficit) - September 30, 2002	<u>\$ 8,292</u>	<u>\$ 37,943</u>	<u>\$ 84,498</u>	<u>\$ (42,072)</u>

**Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances (Deficit)
Special Revenue Funds
Year Ended September 30, 2002**

Auto Theft	Drug Enhancement	911	Michigan State Police/ Chief	Total
\$ -	\$ -	\$ -	\$ -	\$ 293,487
-	-	-	-	336,201
29,971	45,161	-	-	142,638
32,045	350,730	3,138	18,810	498,210
17,031	277,807	-	276,810	613,065
-	-	14,825	-	14,825
-	-	1,185,667	-	1,185,667
79,047	673,698	1,203,630	295,620	3,084,093
26,038	41,008	1,125	-	112,998
5,997	12,252	172	-	33,291
31	3,262	74	234	15,942
-	-	537	-	1,322
186	410,081	258,581	10,579	694,709
3,226	8,538	25,770	2,981	98,862
-	720	-	-	3,364
-	-	12,824	-	60,985
-	-	43,896	779	58,364
7,200	3,600	-	-	27,300
-	1,036	-	67,000	68,792
590	250	-	-	19,689
251	270	1,046	-	2,217
-	65,250	-	-	65,730
-	150,000	-	147,000	753,573
1,170	2,886	1,369	25,143	38,339
-	-	469,496	-	469,496
-	16,690	13,363	4,075	96,182
-	-	989,724	-	989,724
44,689	715,843	1,817,977	257,791	3,610,879
34,358	(42,145)	(614,347)	37,829	(526,786)
47,953	109,785	1,561,917	119,639	1,870,436
<u>\$ 82,311</u>	<u>\$ 67,640</u>	<u>\$ 947,570</u>	<u>\$ 157,468</u>	<u>\$ 1,343,650</u>

Downriver Mutual Aid

	Police	Fire	DRANO Operations	Highway Safety
Revenue				
Membership assessments	\$ 63,850	\$ 73,202	\$ 115,600	\$ -
Federal grants	-	-	-	306,782
State and local grants	-	-	-	5,062
Reimbursements and other revenue	16,414	11,555	18,355	-
Forfeiture receipts	-	-	113,249	-
Interest	-	-	-	-
911 user charge	-	-	-	-
Total revenue	80,264	84,757	247,204	311,844
Expenditures				
Salaries	3,131	3,034	43,950	2,395
Fringe benefits	729	655	18,541	628
Office supplies	10,637	3,552	4,001	-
Postage	41	97	572	-
Professional fees	677	1,140	2,247	3,000
Telephone	12,516	21,140	20,167	-
Printing	42	45	628	-
Insurance	1,787	7,526	22,046	-
Maintenance	8,642	2,446	6,566	-
Building rent	178	169	16,786	-
Rental equipment	103	37	1,728	-
Training	16,043	2,855	2,376	-
Business meetings	-	2,858	22	-
Forfeiture outlay	-	-	311	-
Manpower reimbursement	-	-	116,356	329,058
Miscellaneous	56	1,699	7,521	10
Capital outlay	9,578	61,633	33,732	5,000
Debt service	-	-	-	-
Total expenditures	64,160	108,886	297,550	340,091
Excess of Revenue Over (Under) Expenditures	16,104	(24,129)	(50,346)	(28,247)
Fund Balances (Deficit) - October 1, 2002	8,292	37,943	84,498	(42,072)
Fund Balances (Deficit) - September 30, 2003	<u>\$ 24,396</u>	<u>\$ 13,814</u>	<u>\$ 34,152</u>	<u>\$ (70,319)</u>

**Combining Statement of Revenue, Expenditures, and
Changes in Fund Balances (Deficit)
Special Revenue Funds
Year Ended September 30, 2003**

Auto Theft	Drug Enhancement	911	Michigan State Police/ Chief	Total
\$ -	\$ -	\$ -	\$ -	\$ 252,652
-	-	-	-	306,782
22,639	194,080	-	-	221,781
259	27,281	5,317	-	79,181
26,740	138,943	-	521,713	800,645
-	-	7,348	-	7,348
-	-	1,004,391	-	1,004,391
49,638	360,304	1,017,056	521,713	2,672,780
28,903	34,175	621	-	116,209
4,875	16,167	102	-	41,697
64	635	93	2,076	21,058
-	16	-	-	726
-	126,826	246,815	5,741	386,446
706	6,756	-	286	61,571
-	-	-	-	715
-	-	7,070	-	38,429
-	-	36,412	249	54,315
7,200	4,891	-	-	29,224
-	9,574	-	32,869	44,311
342	4,675	-	1,400	27,691
-	-	-	-	2,880
63	31,167	-	-	31,541
-	150,000	-	119,570	714,984
3,020	4,547	-	31,383	48,236
1,700	6,000	-	-	117,643
-	-	989,724	-	989,724
46,873	395,429	1,280,837	193,574	2,727,400
2,765	(35,125)	(263,781)	328,139	(54,620)
82,311	67,640	947,570	157,468	1,343,650
\$ 85,076	\$ 32,515	\$ 683,789	\$ 485,607	\$ 1,289,030

Downriver Mutual Aid

Schedule of Indebtedness September 30, 2002 and 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				September 30 2003	2002
City of Taylor - Installment Purchase Agreement					
Date of issue - October 30, 2000					
Amount of issue - \$7,250,000					
	6.45	09/01/03	\$ 592,406	\$ -	\$ 592,406
	6.45	09/01/04	631,269	631,269	631,269
	6.45	09/01/05	672,451	672,451	672,451
	6.45	09/01/06	721,371	721,371	721,371
	6.45	09/01/07	769,649	769,649	769,649
	6.45	09/01/08	820,719	820,719	820,719
	6.45	09/01/09	875,952	875,952	875,952
	6.45	09/01/10	934,953	934,953	934,953
	6.45	01/03/11	321,659	321,659	321,659
		Total		\$ 5,748,023	\$ 6,340,429

Report Letter on Compliance with Laws and Regulations and Internal Control - General Purpose Financial Statements

To the Board of Directors
Downriver Mutual Aid

We have audited the general purpose financial statements of Downriver Mutual Aid as of and for the years ended September 30, 2002 and 2003 and have issued our report thereon dated December 19, 2003. The general purpose financial statements do not include the General Fixed Assets Account Group, which is required to conform with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Downriver Mutual Aid's financial statements are free of misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Downriver Mutual Aid's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Directors
Downriver Mutual Aid

This report is intended for the information of the Audit Committee, management, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Plante & Moran, PLLC

December 19, 2003

December 19, 2003

To the Members of the Board
and Management
Downriver Mutual Aid
15100 Northline Road
Southgate, MI 48195

Dear Members of the Board and Management:

We recently completed the audit of Downriver Mutual Aid (DMAid) for the years ended September 30, 2002 and 2003. As part of the audit, and in addition to the financial and compliance report, we offer the following comments and suggestions for your consideration:

GASB 34: New Reporting Model

As of October 1, 2003, DMAid is required to implement GASB 34, and we would like to remind you of the additional time, effort, and costs that will be associated with this process. As we have previously discussed with you, GASB 34 is a pronouncement that creates a new governmental reporting model.

As the September 30, 2003 financial statement audit is completed, the next step is for DMAid to prepare a restated balance sheet in accordance with this new statement. The internal and external cost, effort, and time to implement this new pronouncement could be significant. We would also be happy to assist DMAid with the implementation of GASB 34 as needed.

The most significant change for DMAid with the implementation of GASB 34 will be the recording of fixed assets, and recording the associated depreciation on those assets. Currently, DMAid has only tracked the additions of the 911 system. We would encourage DMAid to perform a fixed asset observation to ensure that all assets of DMAid are properly included in this listing.

Fund Balance

The only Special Revenue Fund that had a fund deficit at September 30, 2002 and 2003 was the Highway Safety Special Revenue Fund, which had a fund deficit of approximately \$42,000 and \$70,000, respectively. Due to GASB 33, DMAid is not allowed to offset any expenditures with revenue if the related funds are not received within 60 days of year end. Therefore, all grant reimbursements not received by November 30, 2003 are not recognized as revenue for the year under audit. In addition, amounts that were deferred in the prior year due to the GASB 33 implementation were recognized as income in the current year. In an effort to minimize deficits related to this pronouncement, DMAid should continue to aggressively submit timely requests for reimbursements.

December 19, 2003

911 Monies

The 911 user charge collections have been decreasing over recent months. As a result, DMAid has had to expend debt reserve funds in order to make the required debt payments. Ideally, the reserve funds would only be tapped in emergency situations. Fortunately, the legislation related to the 911 user charge was recently extended and the charge was increased.

Other Items

As a result of our audit, we offer the following accounting-related suggestions for your consideration:

- DMAid is responsible for petty cash in several of their operations. DMAid should perform periodic reconciliations of these amounts.
- The City of Taylor maintains restricted cash and makes debt payments on behalf of the 911 Fund. That activity is not budgeted for in the 911 Fund. We recommend DMAid budget for this activity.

Thank you for the opportunity to serve Downriver Mutual Aid. We would like to extend our appreciation to your staff for the courtesy extended to us during the audit. Please contact us if you would like to discuss any of the matters mentioned above.

Very truly yours,

Plante & Moran, PLLC

Beth A. Bialy

Kristine E. Wood

Downriver Mutual Aid

**Federal Awards
Supplemental Information
September 30, 2003**

Downriver Mutual Aid

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Independent Auditor's Report

To the Board of Directors
Downriver Mutual Aid

We have audited the general purpose financial statements of Downriver Mutual Aid for the year ended September 30, 2003 and have issued our report thereon dated December 19, 2003. Those general purpose financial statements are the responsibility of the management of Downriver Mutual Aid. Our responsibility was to express an opinion on those general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of Downriver Mutual Aid taken as a whole. The accompanying schedule of expenditures of federal awards and reconciliation of general purpose financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Plante & Moran, PLLC

December 19, 2003

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Report Letter on Compliance with Laws and Regulations and
Internal Control - General Purpose Financial Statements

To the Board of Directors
Downriver Mutual Aid

We have audited the financial statements of Downriver Mutual Aid as of and for the year ended September 30, 2003 and have issued our report thereon dated December 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Downriver Mutual Aid's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Downriver Mutual Aid's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Directors
Downriver Mutual Aid

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 19, 2003

Report Letter on Compliance with Laws and Regulations and
Internal Control - Major Federal Awards

To the Board of Directors
Downriver Mutual Aid

Compliance

We have audited the compliance of Downriver Mutual Aid with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2003. The major federal program of Downriver Mutual Aid is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Downriver Mutual Aid's management. Our responsibility is to express an opinion on Downriver Mutual Aid's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Downriver Mutual Aid's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Downriver Mutual Aid's compliance with those requirements.

In our opinion, Downriver Mutual Aid complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2003-01.

To the Board of Directors
Downriver Mutual Aid

Internal Control Over Compliance

The management of Downriver Mutual Aid is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Downriver Mutual Aid's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 19, 2003

Downriver Mutual Aid

Schedule of Expenditures of Federal Awards Year Ended September 30, 2003

<u>Federal Agency/Pass-through Agency/Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Project/ Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation - Passed through the Michigan Office of Highway Safety Planning - Highway Safety Project	20.600	OP-03-111	\$ 349,000	<u>\$ 335,057</u>
Total federal expenditures				<u><u>\$ 335,057</u></u>

Downriver Mutual Aid

Reconciliation of General Purpose Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended September 30, 2003

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 306,782
Less revenue received in the current year related to prior year expenses	(22,377)
Add revenue not available to finance expenditures of the current period (GASB 33)	<u>50,652</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 335,057</u>

Downriver Mutual Aid

Note to Schedule of Expenditures of Federal Awards Year Ended September 30, 2003

Note - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Downriver Mutual Aid and is presented on the same basis of accounting as the general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Downriver Mutual Aid

Schedule of Findings and Questioned Costs Year Ended September 30, 2003

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major program:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes _____ No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.600	U.S. Department of Transportation - Passed through the Michigan Office of Highway Safety Planning - Highway Safety Project

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

Downriver Mutual Aid

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2003

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

Reference Number	Findings
2003-01	<p>Program Name - Highway Safety Project</p> <p>Pass-through Entity - Michigan Office of Highway Safety Planning</p> <p>Finding Type - Material noncompliance</p> <p>Criteria - OMB Circular A-133 states that reports on federal programs must be submitted to the Federal Audit Clearinghouse within nine months of the end of the entity's year.</p> <p>Condition - DMAid did not submit the federal awards report for the year ended September 30, 2002 by the due date of June 30, 2003.</p> <p>Questioned Costs - None</p> <p>Cause/Effect - The DMAid's accounting records were held by the Michigan State Police for an extended period of time. As such, the audit for the year ended September 30, 2002 could not be completed in a timely manner.</p> <p>Grantee Response - DMAid submitted the federal awards report as soon as reasonably possible after the return of the records.</p>

Downriver Mutual Aid

**Federal Awards
Supplemental Information
September 30, 2002**

Downriver Mutual Aid

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Independent Auditor's Report

To the Board of Directors
Downriver Mutual Aid

We have audited the general purpose financial statements of Downriver Mutual Aid for the year ended September 30, 2002 and have issued our report thereon dated December 19, 2003. Those general purpose financial statements are the responsibility of the management of Downriver Mutual Aid. Our responsibility was to express an opinion on those general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of Downriver Mutual Aid taken as a whole. The accompanying schedule of expenditures of federal awards and reconciliation of general purpose financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Plante & Moran, PLLC

December 19, 2003

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Report Letter on Compliance with Laws and Regulations and
Internal Control - General Purpose Financial Statements

To the Board of Directors
Downriver Mutual Aid

We have audited the financial statements of Downriver Mutual Aid as of and for the year ended September 30, 2002 and have issued our report thereon dated December 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Downriver Mutual Aid's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Downriver Mutual Aid's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Directors
Downriver Mutual Aid

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 19, 2003

Report Letter on Compliance with Laws and Regulations and
Internal Control - Major Federal Awards

To the Board of Directors
Downriver Mutual Aid

Compliance

We have audited the compliance of Downriver Mutual Aid with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2002. The major federal program of Downriver Mutual Aid is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Downriver Mutual Aid's management. Our responsibility is to express an opinion on Downriver Mutual Aid's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Downriver Mutual Aid's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Downriver Mutual Aid's compliance with those requirements.

In our opinion, Downriver Mutual Aid complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2002.

To the Board of Directors
Downriver Mutual Aid

Internal Control Over Compliance

The management of Downriver Mutual Aid is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Downriver Mutual Aid's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 19, 2003

Downriver Mutual Aid

Schedule of Expenditures of Federal Awards Year Ended September 30, 2002

<u>Federal Agency/Pass-through/Agency Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Project/ Grant Number</u>	<u>Award Amount</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation - Passed through the Michigan Office of Highway Safety Planning - Highway Safety Project	20.600	OP-02-12	\$ 378,683	<u>\$ 358,578</u>
Total federal expenditures				<u><u>\$ 358,578</u></u>

Downriver Mutual Aid

Reconciliation of General Purpose Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended September 30, 2002

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 336,201
Add revenue not available to finance expenditures of the current period (GASB 33)	<u>22,377</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 358,578</u>

Downriver Mutual Aid

Note to Schedule of Expenditures of Federal Awards Year Ended September 30, 2002

Note - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Downriver Mutual Aid and is presented on the same basis of accounting as the general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Downriver Mutual Aid

Schedule of Findings and Questioned Costs Year Ended September 30, 2002

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major program:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
20.600	Highway Safety Project

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

Downriver Mutual Aid

Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2002

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None